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Agenda Item 4b

April 11, 2011

TO: MEMBERS OF THE INVESTMENT POLICY SUBCOMMITTEE

- I. **SUBJECT:** Revision of Statement of Investment Policy for Benchmarks
- II. **PROGRAM:** Total Fund
- III. **RECOMMENDATION:** Recommend to the Investment Committee approval of the revised Statement of Investment Policy for Benchmarks

IV. ANALYSIS:

Staff reviewed the Statement of Investment Policy for Benchmarks and revised the policy by incorporating the new asset classification structure for Total Fund. In addition, staff updated the Global Equity, AIM, Real Estate, Inflation-Linked Bond, Infrastructure and Forestland benchmarks and included more specific benchmarks for the SIP CalPERS Risk-Based and Target retirement Date Funds Policy. Staff has also provided a quarterly benchmark modification update showing benchmark changes which occurred during the quarter ending in March 2011.

Attached are the following:

Attachment 1 – Statement of Investment Policy for Benchmarks

Attachment 2 – Quarterly Benchmark Modifications Update – March 2011

V. STRATEGIC PLAN:

Goal IX: Achieve long-term, sustainable, risk-adjusted returns.

VI. RESULTS/COSTS:

The CalPERS Investment Program has a streamlined policy and delegations framework that allows staff to operate within a transparent and clearly stated body of policies and delegations that set forth defined chain of authority and responsibility. The policy of the Benchmark Modification and Benchmark Details will reflect current practices and continue to reflect the goals of the Policy Review.

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